Baker Market Update—*Week in Review*

August 7, 2026

Ryan Hayhurst
Managing Partner
President

Bond yields fell this week as markets continued to assess whether or not the Fed will raise rates this year. The case for a rate hike certainly took a hit this week as a string of employment data painted a picture of a weakening labor market that was sending recessionary signals. On Tuesday, the JOLTS report showed job openings fell by 178k, about 100k less than expected. Then on Wednesday, private payroll firm ADP reported private non-government payroll growth in July was just 44k, less than the expected 65k increase and down from 95k in June. But the biggest labor market disappointment came Friday morning when the BLS reported the economy unexpectedly lost 23k jobs, a far cry from the 80k job gain that economists had forecasted. In fact, of the 75 economists surveyed by Bloomberg, the lowest estimated job gain was 40k so the actual job losses were 63k lower than the most pessimistic economist. And it wasn't just a weak July number. May and June job gains were revised lower by a combined 103k, bringing the 3-month average payroll gain to just 20k, down significantly from 142k in May. Despite the loss of jobs, the unemployment rate actually fell to 4.1% in July. How is that possible? Because 381k people left the labor force and the labor force participation rate unexpectedly fell to 61.4%. According to David Rosenberg of Rosenberg Research, "Absent the contraction of the labor force these past two months, the unemployment rate would actually be at 4.7%." And finally, wages rose just 0.1% for the month and are up 3.2% from a year ago, suggesting little inflationary pressure on employers.

Altogether, this was a very weak employment report that substantially hurts the case for a rate hike and markets are now pricing in less than a 50% probability Fed will hike in September. The focus for next week will be Wednesday's July CPI report which is expected to show a moderation in both headline and core consumer inflation.

UPCOMING EVENTS

Banks

Webinars:

Q2 Bank Trends
Aug 12, 2026

Seminars:

Dallas Seminar
Aug 28, 2026

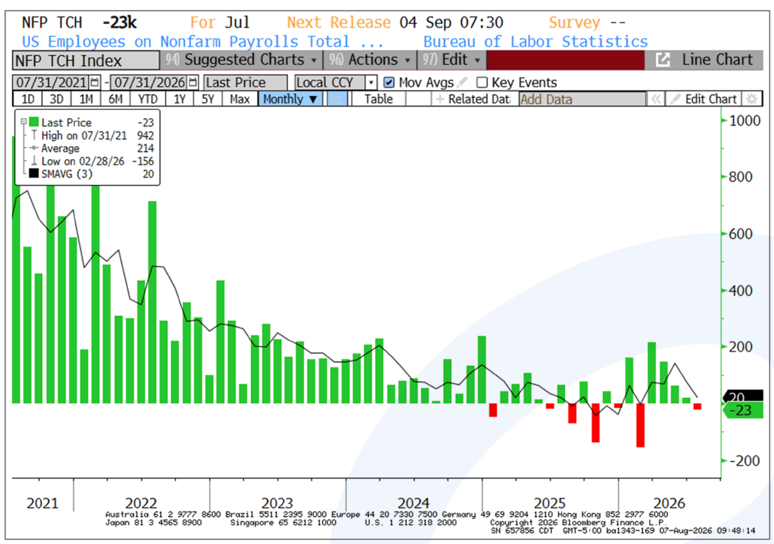
Ohio Seminar
Sep 30, 2026

OK Seminar
Oct 14-16, 2026

Schools:

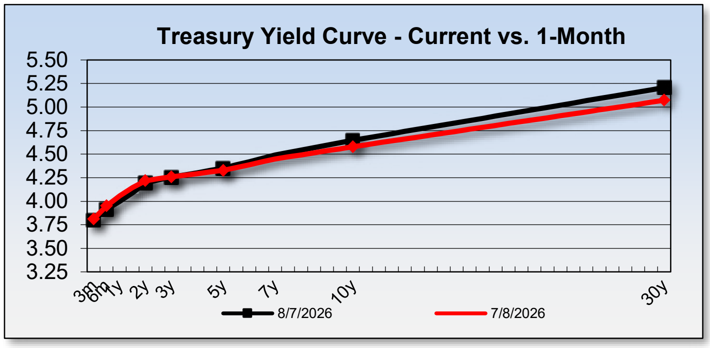
Bond School
Nov 5-6, 2026

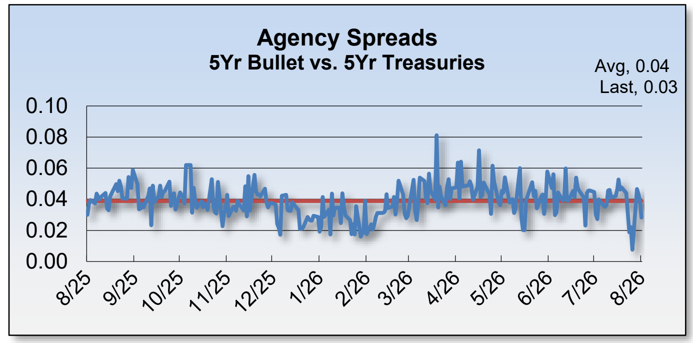
Nonfarm Payrolls

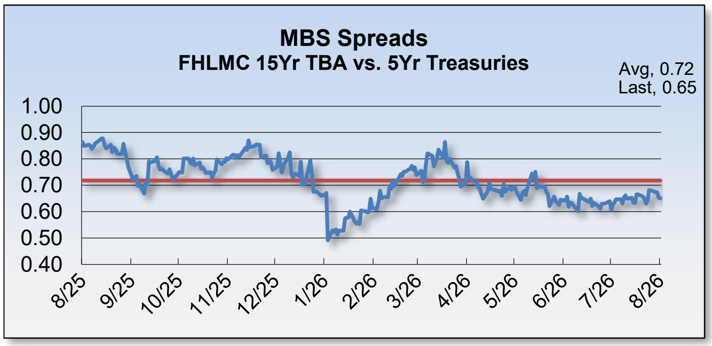


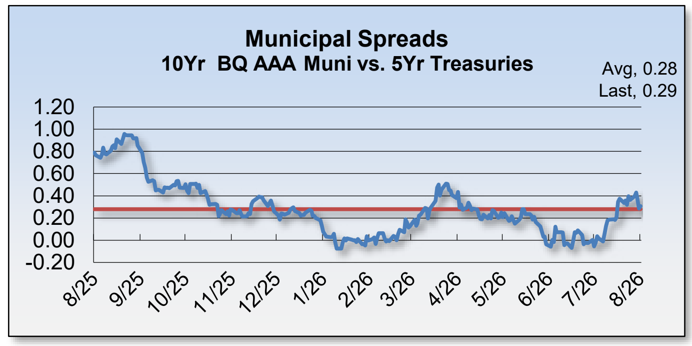
Baker Market Update—*Week in Review*

August 7, 2026









Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	3.80	0.04	3.79	3.67	4.24
6mo	3.91	(0.03)	3.96	3.61	4.11
1yr	4.00	(0.05)	3.98	3.44	3.91
2yr	4.20	(0.10)	4.19	3.50	3.73
3yr	4.26	(0.10)	4.22	3.57	3.75
5yr	4.35	(0.10)	4.29	3.76	3.79
7yr	4.49	(0.10)	4.41	3.98	3.99
10yr	4.65	(0.09)	4.55	4.21	4.25
30yr	5.21	(0.07)	5.06	4.85	4.83

** Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	AAA BQ Muni S-Corp[3]	Tax Muni
2yr	4.21	4.05	3.58	3.81	4.31
3yr	4.28	4.05	3.70	3.93	4.40
5yr	4.39	4.07	3.92	4.17	4.52
7yr	4.54	4.13	4.16	4.43	4.72
10yr	4.78	4.23	4.61	4.90	4.98
15yr	5.03	4.41	5.22	5.56	5.17
20yr	5.27	4.49	5.71	6.08	5.79
25yr	5.50	4.49	5.99	6.38	5.86
30yr		4.46	6.27	6.68	5.92

Agency Calls - Euro

Mty	3Mo	6mo	1Yr	2Yr
2Yr				
3Yr				
5Yr				
7Yr				
10Yr				

September TBA MBS

Cpn	15Yr -Yld	15Yr -AL	30Yr -Yld	30Yr -AL
3.50	5.27	4.1y	5.37	
4.00	5.02	5.2y		
4.50	4.95	5.0y	5.46	9.1y
5.00	4.97	4.6y	5.54	8.1y
5.50			5.59	6.9y
6.00			5.50	5.1y

Key Market Indices

Index	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
Fed Funds	**3.75**	**--**	3.75	3.75	4.50
Primary Discount	**3.75**	**--**	3.75	3.75	4.50
2ndary Discount	**4.25**	**--**	4.25	4.25	5.00
Prime Rate	**6.75**	--	6.75	6.75	7.50
Sec. O.N. Finance	**3.65**	--	3.63	3.64	--
1 Month LIBOR	**4.96**	(0.01)	5.31	5.44	5.43
3 Month LIBOR	**4.85**	(0.08)	5.28	5.56	5.66
6 Month LIBOR	**4.68**	(0.08)	5.14	5.65	5.90
1 Year LIBOR	**6.04**	0.12	5.73	5.48	3.62
6 Month CD	**4.05**	0.01	3.99	3.69	4.19
1 Year CMT	**4.06**	0.02	3.95	3.45	3.90
REPO O/N	**3.70**	--	3.67	3.72	4.40
REPO 1Wk	**3.67**	0.02	3.68	3.65	4.37
CoF Federal	**3.495**	--	3.469	3.509	3.677
11th D. CoF (Jun)	**2.766**	--	2.740	2.780	2.948

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	3.95	- -	3.99
6mo	4.05	- -	4.06
1yr	4.18	- -	4.22
2yr	4.27	- -	4.37
3yr	4.33	- -	4.42
4yr	4.38	- -	4.48
5yr	4.43	- -	4.51
7yr	4.62	- -	4.70
10yr	4.82	- -	4.90
5yr Am	4.45		4.49
10yr Am	4.71		4.73

Fed Fund Futures

Maturity	Rate
Aug-26	3.632
Sep-26	3.680
Oct-26	3.745
Nov-26	3.805
Dec-26	3.885
Jan-27	3.920
Feb-27	3.955
Mar-27	3.980
Apr-27	4.015
May-27	4.035
Jun-27	4.045

Baker Market Update—*Week in Review*

August 7, 2026

Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
8/3	S&P Global US Manufacturing PMI	Jul F	53.8	53.9	53.8	--
8/3	ISM Manufacturing	Jul	53.9	55.6	53.3	--
8/3	ISM Prices Paid	Jul	71.0	71.1	73.0	--
8/3	ISM New Orders	Jul	56.7	56.7	56.0	--
8/3	ISM Employment	Jul	50.0	52.8	49.7	--
8/4	JOLTS Job Openings	Jun	7454k	7359k	~~7594k~~	7537k
8/4	JOLTS Job Openings Rate	Jun	4.4%	4.4%	~~4.6%~~	4.5%
8/4	JOLTS Quits Level	Jun	3083k	3232k	~~3065k~~	3153k
8/4	JOLTS Quits Rate	Jun	1.9%	2.0%	~~1.9%~~	2.0%
8/4	JOLTS Layoffs Level	Jun	1681k	1766k	~~1708k~~	1761k
8/4	JOLTS Layoffs Rate	Jun	--	1.1%	1.1%	--
8/5	MBA Mortgage Applications	7/31	--	-2.9%	-6.4%	--
8/5	ADP Employment Change	Jul	65k	44k	~~98k~~	95k
8/5	S&P Global US Services PMI	Jul F	53.6	54.6	53.6	--
8/5	S&P Global US Composite PMI	Jul F	--	54.5	53.6	--
8/5	ISM Services Index	Jul	54.5	54.1	54.0	--
8/5	ISM Services Prices Paid	Jul	65.0	70.3	67.7	--
8/5	ISM Services New Orders	Jul	55.9	57.2	55.1	--
8/5	ISM Services Employment	Jul	51.2	47.4	51.2	--
8/6	Challenger Job Cuts YoY	Jul	--	-46.1%	-4.5%	--
8/6	Challenger Job Cuts Total	Jul	--	33429	45849	--
8/6	Nonfarm Productivity	2Q P	0.6%	1.4%	~~0.3%~~	0.8%
8/6	Unit Labor Costs	2Q P	2.1%	1.3%	~~1.8%~~	1.3%
8/6	Initial Jobless Claims	8/1	205k	199k	~~197k~~	198k
8/6	Continuing Claims	7/25	1789k	1801k	~~1782k~~	1777k
8/7	Change in Nonfarm Payrolls	Jul	80k	-23k	~~57k~~	20k
8/7	Two-Month Payroll Net Revision	Jul	--	-103k	-74k	--
8/7	Change in Private Payrolls	Jul	82k	30k	~~49k~~	30k
8/7	Change in Manufact. Payrolls	Jul	4k	5k	~~3k~~	11k
8/7	Average Hourly Earnings MoM	Jul	0.3%	0.1%	0.3%	--
8/7	Average Hourly Earnings YoY	Jul	3.5%	3.2%	~~3.5%~~	3.4%
8/7	Average Weekly Hours All Employees	Jul	34.3	34.3	34.3	--
8/7	Unemployment Rate	Jul	4.2%	4.1%	4.2%	--
8/7	Labor Force Participation Rate	Jul	61.6%	61.4%	61.5%	--
8/7	Underemployment Rate	Jul	8.0%	7.9%	7.9%	--
8/7	NY Fed 1-Yr Inflation Expectations	Jul	3.7%	--	3.7%	--
8/11	NFIB Small Business Optimism	Jul	97.3	--	97.4	--
8/11	ADP Weekly Employment Change	7/25	--	--	15.000k	--
8/12	CPI YoY	Jul	3.4%	--	3.5%	--
8/12	Core CPI YoY	Jul	2.5%	--	2.6%	--
8/12	CPI Index NSA	Jul	334.30	--	333.95	--
8/12	Core CPI Index SA	Jul	336.60	--	336.07	--
8/12	Real Avg Hourly Earning YoY	Jul	--	--	~~0.1%~~	0.0%
8/12	Real Avg Weekly Earnings YoY	Jul	--	--	~~0.3%~~	0.2%
8/13	PPI Final Demand YoY	Jul	4.8%	--	5.5%	--
8/13	PPI Ex Food and Energy YoY	Jul		--	4.7%	--
8/13	PPI Ex Food, Energy, Trade YoY	Jul	--	--	5.1%	--

MBS Prepayments[4]

3-Month CPR

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.6	13.1	16.5	21.2	26.9	26.7
FH/FN 15y	11.2	9.5	10.6	24.3	13.0	18.8
G2 15y	13.4	12.1	11.0	15.4	23.1	27.1
FH/FN 20y	9.1	9.9	9.9	12.2	18.4	26.6
FH/FN 30y	7.7	5.8	6.0	9.0	8.7	9.9
G2 30y	0.9	1.4	7.4	7.5	12.4	2.3

CPR Projections

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.8	12.8	15.0	16.8	18.5	20.0
FH/FN 15y	9.4	11.3	16.0	18.8		26.7
G2 15y	9.0	10.7	11.9	13.4	14.9	16.5
FH/FN 20y	8.1	9.3	10.9	13.2	17.4	17.8
FH/FN 30y	6.6	7.6	8.2	9.5	11.8	15.3
G2 30y	7.4	8.3	9.7	10.3	12.1	17.7

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.86	0.46	162.10	155.88	147.14
Euro	1.16	0.00	1.14	1.19	1.17
Dollar Index	99.59	(0.32)	101.02	97.63	98.40
Major Stock Indices					
Dow Jones	54,021	1,536	52,925	50,116	43,969
S&P 500	7,750.9	261.2	7,503.9	6,932.3	6,340.0
NASDAQ	26,620.2	1,246	25,818.7	23,031.2	21,242.7
Commodities					
Gold	4,347.4	298.3	4,157.4	4,951.2	3,400.3
Crude Oil	77.54	(7.13)	70.44	63.55	63.88
Natural Gas	2.68	(0.06)	3.27	3.42	3.07
Wheat	640.8	1.5	609.3	529.8	518.3
Corn	441.3	0.5	442.5	430.3	384.5

Notes

1 Call Agy = Maturity at left w/ a 1-Year Call at Par
2 Muni TEY (21% Fed, 0.75% CoF)
3 S-Corp TEY Muni (29.6%, no TEFERA)
4 MBS Prepayments are provided by Bloomberg

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 08/07/2026 9:51AM

www.GoBaker.com | 800.937.2257 | Oklahoma City, OK | Austin, TX
Long Island, NY | Salt Lake City, UT | Springfield, IL | Member: FINRA and SIPC

ICBA Securities

POWERED BY The BakerGroup